

*The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.*

### What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

### What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

**Note on Language**

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

**Instructions for Printing**

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	440015388E
IEM	A.L.G.I. China
Date(s) in facility	August 22nd and 23rd, 2006
PC(s)	Hennes & Mauritz AB
Number of workers	1,300
Product(s)	Apparel
Production processes	Sewing, cutting, quality inspection, finalizing, ironing and packing

FLA Code/ Compliance issue	Country/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings Evidence of Non-compliance (if not corroborated, explain why)	Sources/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	(Status) Completed, Pending, On-going	Updates (Cite Date of Follow up)	Documentation	External Verification (Date)	Documentation	Third-Party Verification	Company Verification Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
1. Code Awareness																					
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential non-compliance reporting mechanism has been established at the facility by H&M.			Document review and worker interviews			During our internal audits and discussions with the factory H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	Hotline June 2007	H&M contact information will be placed as a placard in the workplace.		On-going								
Code posting/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	1) Code posting: H&M has provided COC to the factory, but the factory did not have it posted.  2) Code information: As per management and worker interviews, the code obligations were communicated to management, but not to the workforce.			Document review and Management interview			Generally, we do not require our Code of Conduct to be posted in the factory. In the case a factory produces for different buyers it might be confusing for the workers. Instead we encourage the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, for example through a handbook for the workers or on the notice board.		H&M Code of Conduct will be posted in the workplace.		On-going								
2.Forced Labor																					
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise																					
3. Child Labor																					
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than																					
Registry of Underage Workers	Art. 9: Regulations for Special Protection of Juvenile Workers (Document No.498): Employment of juvenile workers should be under registration.		Facility failed to register employment of juvenile workers with local labor bureau.			Document review and worker interviews			Employment of juvenile workers will be registered at the local labour bureau.	Before 10th Oct											
Physical Examination for the Underage Workers	Art. 65 of PRC Labor Law (chapter 7): Employer shall carry out regular physical examinations for underage workers. Regulations for Special Protection of Underage Workers, Art.6: Employer shall carry out regular physical examinations for underage workers as required by follows: a) Before arrangement of working positions; b) working for 1 year; c) an employee just over 18 shall take physical examination if it has been more than 6 months since last physical examination.		Although facility carried out regular physical examinations for young workers, the physical examination sheet was not the correct format as stipulated by law, which should be specially designed for young workers with comprehensive checking items.			Document review and worker interviews			The factory will update the physical examination sheets in order to carry out the comprehensive physical examination required for juvenile workers.	Before 10th Oct											
Policy		Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	Facility does not have internal policy regarding juvenile workers. There is no system established to monitor young workers.			Document review and management interview			H&M will urge the factory to establish a policy for juvenile workers for to protect them from over time work, hazardous and harmful work and to include all other issues according to the law of juvenile workers of the PR of China.	Before 10th Oct											
Overtime of Underage Workers		Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	Young workers were restricted from dangerous or hazardous positions, but sometimes worked overtime.			Document review and worker interviews			H&M will encourage the factory to implement the policy and create a mechanism for control and feedback of the policy.	On-going											
4. Harassment or Abuse																					
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																					
5. Nondiscrimination																					
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																					

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings (If not corroborated, explain why)	Sources/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation				(Status)	Updates (Cite Date of Follow up)		Third-Party Verification		Company Verification Follow up	
										Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation		Completed/ Pending/ On-going	Company Follow up	Documentation	External Verification (Date)	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)
<b>5. Health and Safety</b>																				
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities																				
Machinery Maintenance	Art. 32 of Regulation of Factory Safety and Sanitary: Hazardous parts like mechanical belt, gear, grinding wheel, electric saw, belt pulley and flywheel, etc., shall be equipped with protective devices.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Three sewing machines were missing pulley guards.			Factory tour			Pulley guards were installed immediately on the three machines missing them.	9/1/2006										
Safety Equipment	Art. 43 of Fire prevention and safety rules of Textile mills: Obstructive items such as sundry goods or other items must not be piled up around the fire extinguishers or fire hydrant. Regular service maintenance system must be set up for fire-fighting facilities and equipments to ensure that they are in working conditions.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	On the 3rd and 4th floor of production Building A, two fire hoses were blocked by sewing machines.			Factory tour			These sewing machines were moved immediately. The factory will implement measures to ensure that safety in the factory is upheld at all times. This includes educating all workers in basic safety.	On-going										
Safety Equipment	Art. 31 of PRC Factory Safety and Sanitary Regulations: First aid kits must be available in working areas.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	The first aid kits on 2nd, 3rd and 4th floor of Production Building A were locked up, and each kit's key was kept by only one staff member.			Factory tour			The first aid kit on each floor have all been unlocked and are now fully accessible for the workers.	9/1/2006										
PPE	Art. 37 of PRC Work Safety Law: Production and business units shall provide employees with PPE that meets the national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these PPE in accordance with the rules for their use.	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	As per factory tour, 6 workers in the quality inspection were handling chemicals without gloves or masks.			Factory tour			In order to encourage workers handling chemicals to use their protection gloves and mask provided by the factory, chemical training and information about dangers related to handling chemicals will be provided to the workers. An education manual should be developed.	12/20/2006										
<b>7. Freedom of Association and Collective Bargaining</b>																				
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																				
Freedom of Association: FLA Comment		<b>FLA Comment:</b> The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (AFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.  The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.		Interviews showed that workers had limited knowledge about freedom of association issues. During interviews, they expressed no desire to form a workers organization.		Document review and worker Interviews		The workers should be free to form associations of their own choosing, and to bargain collectively. We don't accept any disciplinary actions from the factory against workers who choose to peacefully and lawfully organise or join an association. In addition, during our audits we put effort on building effective communication channels between workers and management. H&M will encourage the factory to inform the workers of Freedom of Association.	On-going											
<b>8. Wages and Benefits</b>																				
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits																				
Legal benefits	Article 73 of PRC Labor Law (Chapter IX: Social Insurance and Welfare): Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: (1) retirement; (2) illness, injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) child-bearing. The social insurance amount that laborers are entitled to must be paid on time in full.	Employers will provide all legally mandated benefits to all eligible workers. Child-bearing insurance is not legally required in the region at present.	As per review of social insurance receipt for July, facility registered 3% workers (39 out of 1,300) for pension, 100% for medical care and occupational injury. No one is covered under unemployment insurance. According to legal requirement, facility needs to register all workers for pension, medical care and unemployment.			Document review and management interview			At next audit we will follow-up on the factory remediation plan.	At next audit	We will make sure that all workers are covered by the social insurance that the law entitles them. We will also through information and seminars raise the workers awareness about their rights regarding social insurance.									

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings		Sources/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation		Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	[Status] Completed: Pending: On-going	Updates (Cite Date of Follow up)		Third-Party Verification		Company Verification Follow up	
					Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why					Target Completion Date	Company Follow up					External Verification (Date)	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation		
9. Hours of Work																						
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period																						
Overtime Limitations	Regulation by the State Council on Working Hours, Art. 3: Laborers shall work for no more than 8 hours a day and not more than 40 hours a week.  Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employees should not be allowed to work more than 3 overtime hours per day and 36 overtime hours per month.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	1) As per sampling review of time card records for May and June, [several] individuals had worked more than 60 hours in a week; 66 hours maximum. No excessive hours were observed in other months.  2) [Several] workers sampled worked more than 3 overtime hours per day, 4 hours maximum, which exceeded the daily limitation as stipulated by PRC Labor Law.				Worker interviews, review of time records and payrolls			We are working towards building a system to reduce the overtime in the long run in the factory. The longterm aim is to, through improved production planning and efficiency, steadily reduce the overtime hours in order to meet the legal limit of overtime hours per month. In the short term, they will to make sure that we can ensure that the workers may have one day off per week during the coming peak season.  When working overtime, the workers will be compensated according to the law. H&M will carry out an unannounced audits in order to monitor the development according to the factory remediation plan.	On-going	The factory will make sure that the workers can get one day off per week in the coming peak season. The time frame for reducing overtime to meet the legal limit will be 3-4 years.										
Day of Rest	Art. 38 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employer shall guarantee that its laborers have at least one day off per week.		As per time cards review of May and June, all 21 sampled workers were subject to consecutive working. They did not receive at least one day rest per 7 days. At maximum, they worked for 20 days consecutively. No consecutive work was observed in other months.				Worker interviews, review of time records and payrolls			Please view above.	On-going	Please view above.										
10. Overtime Compensation																						
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																						
Miscellaneous																						